

Partnership for a Healthy North Carolina

Problems with the current Medicaid Program

- For Recipients
 - Our system does not look at the whole person. Mental health is separated from physical health which is also separate from substance abuse
 - Lack of customer service: system is complex to navigate, multiple entry points
 - Lack of focus on outcomes: We can only measure how many tests or drugs the state pays for, but not metrics that prove individuals are getting healthier
- For Providers
 - System is complicated for providers to navigate
 - Lack of cohesion of government financial and IT systems lead to additional hoops and high administrative costs
 - Uncertainty over own budget year to year due to Medicaid
- For Taxpayers/General Assembly:
 - Lack of comprehensive, long term sustainability
 - Growth in Medicaid is putting funding for other priorities in the general fund at risk
 - All of the risk is on the taxpayer because of the lack of predictability and reliability in the Medicaid system
- For the Department of Health and Human Services:
 - Bureaucracy is not set up to administer a \$13 billion system
 - We do not spend money or manage the program based on outcome-based metrics

Strategy

- **The Health Care Partnership:** Bringing Recipients, Providers, Taxpayers, the Legislature and DHHS together to build on our state's reputation for innovation to develop a person-centered plan for Medicaid reform.
- We have a framework that delivers:
 - **Better quality of care**
 - **Better Customer Service:** Provider and recipient satisfaction. Make North Carolina the best place in the country to receive care and practice medicine
 - **More Efficiency:** More efficient use of taxpayer dollars
- We must reform the Medicaid program now to help every North Carolinian fulfill their maximum potential.

Step 1: Bringing Everyone to the Table

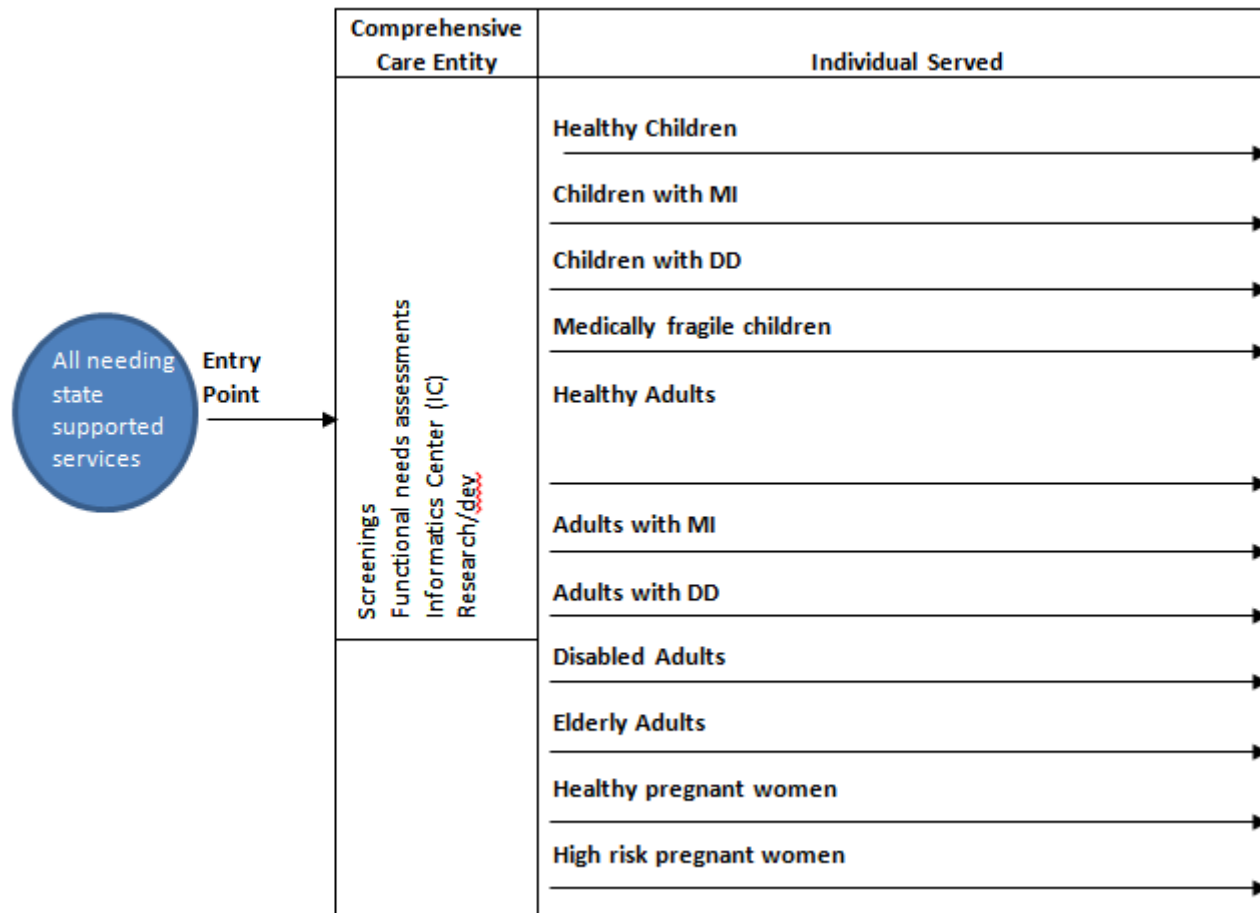
- DHHS received over 160 responses to its request for information (RFI)

Common Threads:

- Need to look at the whole person
- Need for one entry point
- Need for improved IT infrastructure
- Reduce administrative complexity and duplication
- Support among providers for community care model

Solution:

Person-centered Medicaid System



Comprehensive Care Entity (CCE)

- CCE will be the entry point to the system. If you enter at any point of the system, you enter the whole system. Currently, you enter one point, not a system.
- A model that is person-centered and money follows the individual based on their needs assessment
 - CCE will partner with North Carolina providers to create a network
 - Framework to empower providers to deliver services without over-managing
 - PMPM (per member per month) payment model with “risk stratification” methodology (higher reimbursement for higher cost patients to prevent cherry picking)
 - CPI adjuster (Consumer Price Index/Market Basket) to ensure providers can remain profitable and costs are predictable
 - All CCEs must use one financial vendor for reimbursement – the state’s MMIS system
- Competition
 - Award contract to 3-4 statewide public or private entities through RFP process
 - CCE must operate statewide and serve both rural and urban areas to prevent cherry picking

Comprehensive Care Entity: Contract

- Contract is the critical component to success
- Contract dictates performance of Managed Care Entity.
- Components of the contract will include a needs assessment to determine appropriate level of care and outcome and Performance Measures. *(i.e. Utilization rates; provider and recipient satisfaction)*

CCE Contract: Assessment

- The CCE will provide a functional needs assessment for every eligible individual to determine the right level of care for each individual.
- This is critical to treating the whole person and providing the right service at the right time in the right location.
- No change in Medicaid eligibility requirements.

Timeline

- April 2013:
 - Work with General Assembly on Medicaid Reform
 - Draft 1115 Research and Demonstration waiver (permission from federal government to try an innovative, new idea)
 - Invite Secretary Sebelius and staff to assist
- Early 2014: Issue RFP
- July 2015: Incremental implementation begins

Cost Efficiency

- Medicaid reform is an exercise in good government that provides person-centered services in a customer friendly way that encourages efficiency and responsibility
- Savings:
 - Contains long term costs
 - Reduces administrative costs
 - Coordinated care provides opportunities to provide appropriate services at lower cost (i.e. not the Emergency Room)
- This is a long term sustainable program that we can leave as a legacy for our children

Summary

- **Comprehensive Care:** Recipients will receive more comprehensive care focused on outcomes
- **Customer Service:**
 - System will be more efficient for health care providers. Critical because state is facing a shortage of health care providers
 - System will be patient-centered
- **Efficiency:**
 - Savings will be in the long-term incentive structure
 - More predictability for state budget